# Iraq Weekly Status Report

**January 7, 2009** 

Bureau of Near Eastern Affairs U.S. Department of State

Unclassified

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### **HIGHLIGHTS**



• Iraq Government Takes Control of International Zone in Baghdad (*POLITICAL*, page 4).

- Suicide Bomber Strikes Ashura Celebration in Baghdad (SECURITY, page 8).
- CNPC Formally Begins Work on the Ahdab Oil Field (*ECONOMIC*, page 15).
- U.S. Embassy Inaugurated in Baghdad (*DIPLOMATIC*, page 24)

# **POLITICAL - Governance & Legislation**



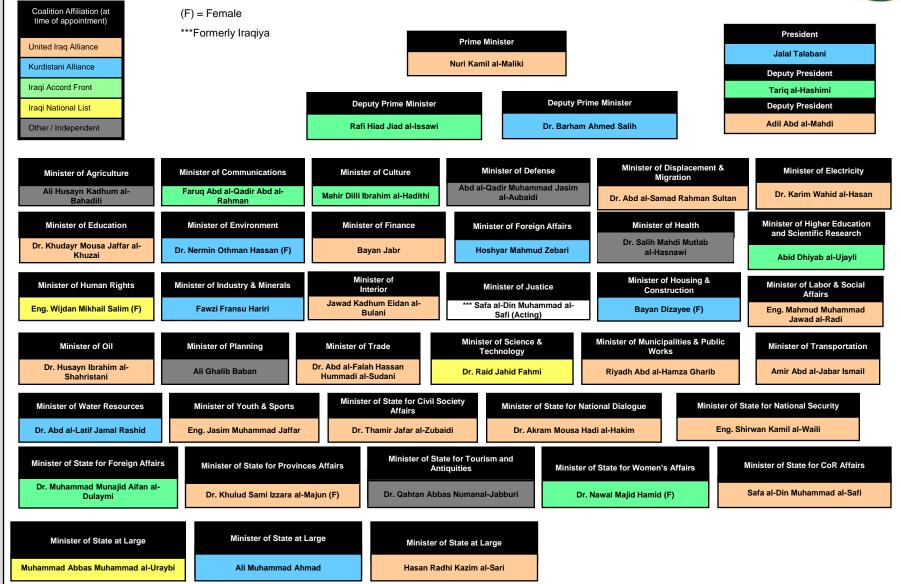
### <u>Iraq Government Takes Control of International Zone in Baghdad:</u>

• In a January 1 ceremony, the United States formally transferred control of the International Zone in Baghdad to the Iraqi government. However, many of the changes called for in the U.S.-Iraq Security Agreement that took effect on January 1 will not be immediately visible. For example, most checkpoints in the International Zone will be manned by U.S. troops training Iraqi Security Forces. Prime Minister Maliki, who presided over the ceremony, proposed that January 1 be marked as a national holiday, "Sovereignty Day."

### As Security Improves, Iraqis Look to Open Museums:

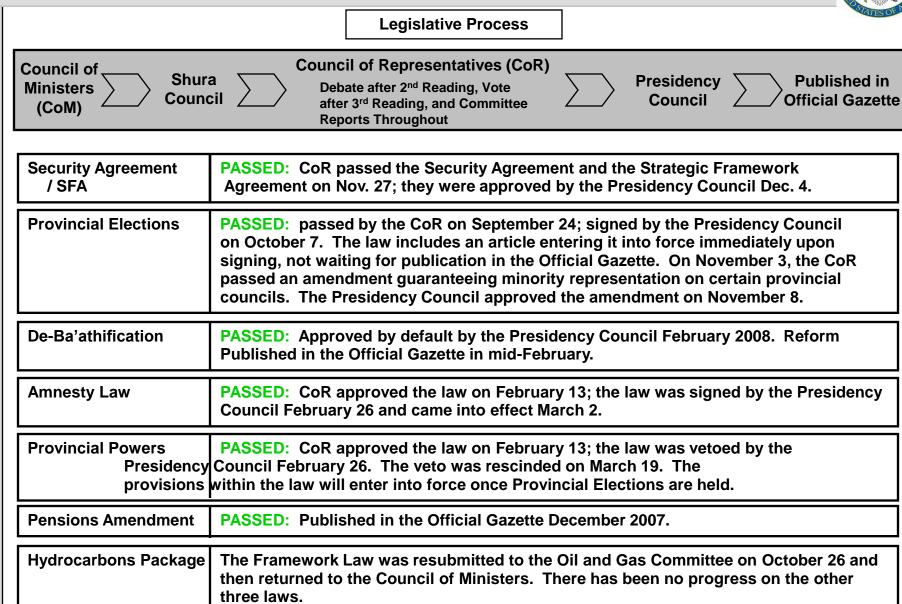
• The Baghdad Department of Antiquities, which oversees Iraq's museums, has an eye on developing the Basrah Palace as a museum. A Basrah oil baron built the palace in the 1980s. It was seized by Saddam Hussein, and then used by the British Army from 2003 until 2007. Department of Antiquities representatives hope that the palace will become a center for the people of southern Iraq to display their ancient heritage. In Baghdad, the Iraqi High Tribunal plans to open a museum that will display remnants of mass executions, torture, and other crimes committed under Saddam Hussein. It will also showcase personal items Saddam carried when he was found in December 2003, including a briefcase, Quran, and a Mozart tape. The museum, which will also house a research center holding 26 million documents, will be located in Baghdad's International Zone.

# **POLITICAL – Government of Iraq**



# **POLITICAL – Key Legislation**





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# **POLITICAL - Refugee Update**

- Refugees in the region: 2-2.4 million
- Internally displaced persons in Iraq: 2.7 million
- The U.S. admitted 13,823 Iraqi refugees in FY08 (which ended September 30).
- The U.S. seeks to admit a minimum of 17,000 Iraqi refugees in FY09.
- In FY 2008, a total of 1,142 Special Immigrant Visa (SIVs) were issued for Afghan and Iraqi translators and interpreters (under the Section 1059 program).
- In FY 2008, a total of 705 SIVs were issued (under the Section 1244 program).

### **SECURITY - Situation Update**



### Suicide Bomber Strikes Ashura Celebration in Baghdad:

• A female suicide bomber attacked a group of pilgrims celebrating the Ashura holiday near the Imam Moussa al-Kadhim shrine in the Kadimiyah neighborhood of Baghdad January 4. Iraq's Interior Ministry said 40 people were killed, including 16 Iranian pilgrims, and 72 were wounded. Sectarian violence has dramatically declined in the Kadimiyah area in recent months, so much so that Iraqi officials reopened the Bridge of Imams linking Kadimiyah with the largely Sunni neighborhood of Adhamiyah November 11, 2008. The bridge had been closed since 2005, when a stampede, triggered by rumors of a suicide bomber, killed an estimated 800 pilgrims.

### Suicide Bomber Attacks Tribal Leaders in Yusifiyah:

• A suicide bomber attacked a lunch gathering of tribal leaders January 2 in Yusifiyah, a town 12 miles south of Baghdad. Although there are conflicting casualty reports, Iraqi security spokesman Major-General Qassim Moussawi said at least 18 people died and 20 others were wounded in the attack.

# **SECURITY - Situation Update**



### <u>Iraqi Border Security Force Seizes 50 Kilos of Heroin:</u>

• Using X-ray scanning, Iraqi Border Security Forces noticed irregularities inside a sedan traveling from Iraq to Syria at the Trebil Port-of-Entry (POE) January 2. Upon further investigation, the Iraqis discovered and seized approximately 50 kilos of heroin in the vehicle. The find marks a significant success for the Iraqi Border Security Force, which is supported by U.S. Department of Homeland Security's (DHS) Border Support Teams and Coalition Force Transition Teams. The U.S. has helped to develop the Iraqi Border Forces, providing training on POE operations, ethics and anti-corruption effort; and helping to fund, procure, and maintain the Z Backscatter Van (ZBV) X-ray equipment in use at the POE's.

# **SECURITY – Security Transition**

### Security Agreement Has Minimal Impact on Operations in Provinces Under Iraqi Control:

• Coalition Forces operating in provinces already under Government of Iraq (GOI) control have experienced little impact from the requirements of the Security Agreement (SA) which went into effect January 1. U.S. Army Colonel Butch Kievenaar, Commander of the 4<sup>th</sup> Infantry Division's "Warhorse Brigade" operating in Qadisiyah, Najaf, and Babil provinces, which all transferred to Provincial Iraqi Control (PIC) prior to the end of 2008, said that his soldiers were already operating under many of the same specific requirements mandated in the SA. Kievenaar's troops obtain warrants for wanted individuals and do not operate a detention facility, but instead pass detainees to the Iraqi Army or Police for processing before turning them over to the Iraqi civil court system. Coalition operations in these provinces are already closely planned and conducted alongside Iraqi Security Forces (ISF).

### Patrol Base Howell Transferred to Iraqi Control in Kirkuk:

• Coalition Forces transferred control of the Riyadh Train Station, known as Patrol Base Howell, in Kirkuk to Iraqi control January 3. Responsibility for the Train Station's security was given to the Kirkuk Department of Transportation and is an essential step to restore rail service within the province. The remaining task is to complete the final span of Bayji Railroad Bridge, linking the Kirkuk rail line with the Samarra-to-Bayji line. Dr. Shakir Mahmood, the Director of Transportation for Kirkuk province said the transfer "signals a return to normalcy" for the region.

# **SECURITY – Security Transition**



### FOB Callahan Turned Over to Iraqi Trade Ministry:

• Coalition Forces transferred Forward Operating Base (FOB) Callahan to the Iraqi Trade Ministry during a ceremony January 3 in the Al Sha'ab neighborhood of Baghdad's Adhamiyah district. FOB Callahan was the former Sha'ab Market and has been used by Coalition Forces since 2007 to monitor routes and better secure the area. The Ministry of Trade intends to remove the concrete barriers surrounding the FOB and renovate it back to a market, alleviating traffic congestion and improving Adhamiyah's local economy.

# **SECURITY - Iraqi Security Forces**

Iraq Security Forces as of Nov. 30, 2008 a							
Component	Current Authorized Personnel b	Assigned i cisonnel					
Ministry of Interior (MoI) Forces <sup>e</sup>							
Iraqi Police Service f	334,739	309,965	219,342				
National Police g	46,580	40,712	52,707				
Border Enforcement	45,550	40,888	38,389				
Total Mol	426,869	385,565	310,438				
Ministry of Defense (MoD) Forces h							
Army	174,055	196,698	238,191				
Army Training and Support Forces i	22,345	22,724	22,930				
Air Force	3,690	2,071	2,941				
Navy	3,596	1,898	1,494				
Total MoD	203,686	223,391	265,556				
Counter Terrorism Bureau							
Special Operations j	6,190	4,150	4,564				
Total Iraqi Security Forces	636,745	613,106	580,558				

- a. Numbers do not include ministry staffs.
- b. Numbers reflect Government of Iraq (GOI) authorizations.
- c. Numbers are based upon GOI payroll data and do not reflect present for duty totals.
- d. Numbers reflect total Iraqi Security Forces (ISF) personnel trained to date, some of which are no longer assigned due to casualties, AWOL, and normal separation.
- e. MoI strength excludes other services within Ministry Of Interior (MOI), including the MOI HQ, MOI Forensics, Facility Protection Services, and contracted guards.
- f. The Iraqi Police Service consists of all provincial police forces (station, patrol, traffic, and special units) assigned to all 18 Iraqi provinces.
- g. Includes the national Emergency Response Unit.
- h. The Ministry Of Defense (MOD) authorized numbers are derived from Modified Tables of Organization and Equipment (MTOEs).
- i. The MoD Army Training and Support Forces include logistics units and training center cadre.
- j. Does not include personnel assigned to Counterterrorism Bureau (CTB) or Counterterrorism Command (CTC) headquarters.
- k. 6792 increased authorized Training and Support Forces based on pay data due to consolidation of approved MTOEs signed by the MinDef updating current data. Percent assigned now represents a more realistic figure (101%) vs. previous reported (150%) assigned.

# **ECONOMIC – Economic & Government Capacity Update**



### <u>Iraq's Minister of Transportation Discusses Plans to Modernize Sector:</u>

• Iraq's Ministry of Transportation is appealing to outside investors to help it modernize its infrastructure, Minister of Transportation Amer Abdel-Jabbar Ismail said in an interview with AFP. Talks have already been held with potential investors from Turkey, Germany, and Denmark. The Minister is moving forward on several ambitious projects, such as developing Baghdad International Airport, constructing a \$4.4 billion container port, and rehabilitating and expanding Iraq's rail network.

### Minister of Oil Encourages British and Italian Investment:

• Iraqi Minister of Oil Husayn al-Shahristani met with January 4 with the British and Italian ambassadors to Iraq to invite companies from their respective countries to engage in investment activities in Iraq, according to a ministry spokesman.

# **ECONOMIC - Oil**



### **Crude Oil Update:**

Price averages in world markets closed with the following prices:

Basrah Light at \$39.12/barrel

Dated Brent at \$47.78/barrel

WTI Cushing at \$46.34/barrel

Oman/Dubai at \$42.45/barrel

Revenue estimates:

2006: \$31.3 Billion

2007: \$41.0 Billion

2008: \$61.6 Billion

### New Application Process Opened for Contract Bidding:

• The Ministry of Oil (MOO) announced the opening of a new pre-qualification application process for oil companies that did not qualify for the first round of oil and gas contract bidding in a statement released by the MOO Petroleum Contracts and Licensing Directorate (PCLD). Interested companies have until February 1 to finish the new application process and are required to pay a non-refundable fee of \$10,000. Over 100 international oil companies applied to qualify for bidding previously, but only 35 qualified for the first bid round.

### **ECONOMIC – Oil**



### CNPC Formally Begins Work on the Ahdab Oil Field:

• A delegation from the China National Petroleum Company (CNPC) formally opened its work on the Ahdab field in Iraq's Wasit province on January 2. According to Wasit governor Latif al-Tarfa, CNPC engineers have identified the location where they will construct a field work site, and equipment will soon reach the port in Basrah. Tarfa also said that Iraqi security forces are prepared to provide protection for the Chinese workers. CNPC will work on the field under an agreement signed with the Ministry of Oil in November. The contract was formerly a production-sharing agreement dating back to the Saddam era, but was renegotiated as a \$3 billion service contract. The Ahdab field is expected to produce between 110,000 and 130,000 barrels per day.

### **ECONOMIC – Essential Services**



### First Commercial Flight from Europe Arrives at Baghdad International Airport:

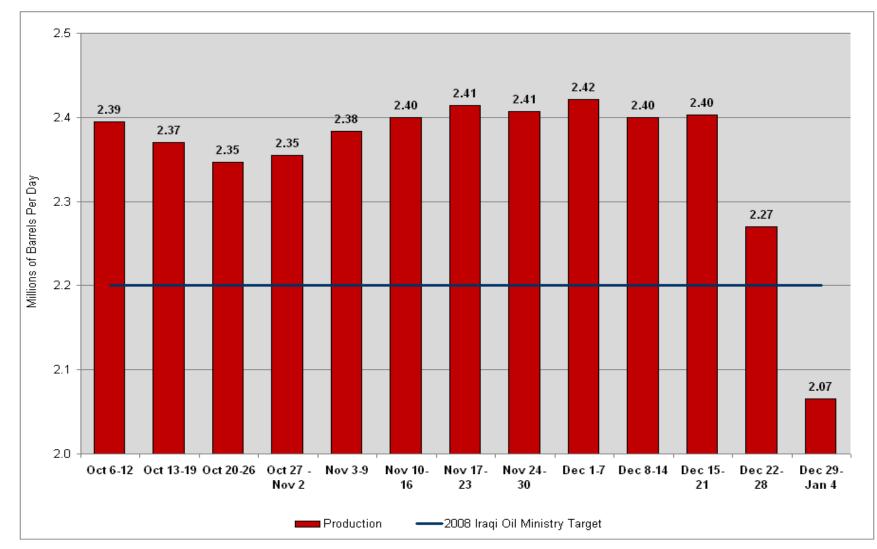
• The first commercial flight from Europe in over 17 years arrived at Baghdad International Airport January 3. Nordic Leisure, a Swedish-based company, has plans to fly to Baghdad at least once a week. The flight, which came from Denmark, was the first to arrive from Europe since the UN sanctions were imposed on Iraq. The plane carried 150 passengers, most of whom were Iraqis. Air France-KLM has also signed a preliminary agreement with Iraq laying out plans for Iraqi Airways to fly to European destinations. AFP also reported that Minister of Transport Amer Abduljabbar Ismail said several more international arrivals are expected, including one from Hong Kong.

### Ministry of Electricity Announces Agreement to Purchase Five Power Turbines:

• The Iraqi Ministry of Electricity has signed a \$70 million agreement with Pratt & Whitney to purchase five power generating turbines capable of generating 180 megawatts and run on either fuel or gas. Pratt & Whitney is an American engineering firm and part of United Technologies Corporation. Part of the contract also includes providing spare parts and training for Iraqi staff. The turbines are expected to be ready by June.

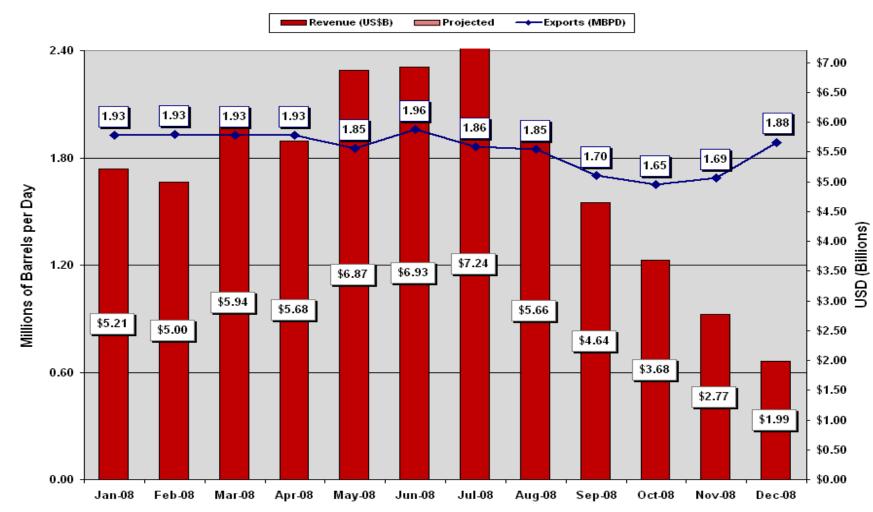
### **ECONOMIC – Crude Oil Production**





# **ECONOMIC – Crude Oil Export**





2006 Revenue Estimate:

\$31.3 Billion

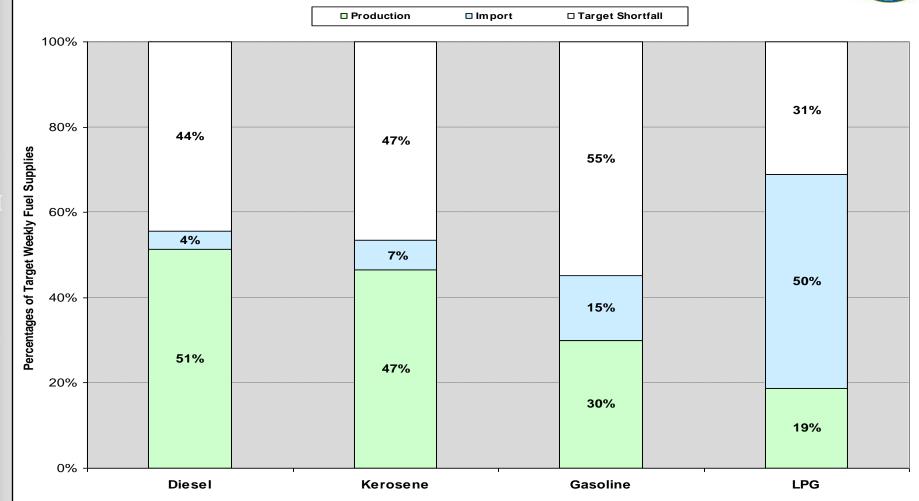
2008 Revenue Estimate: \$61.6 Billion

2007 Revenue Estimate:

\$41.0 Billion **18** 

# **ECONOMIC – Total Critical Refined Product Supplies**





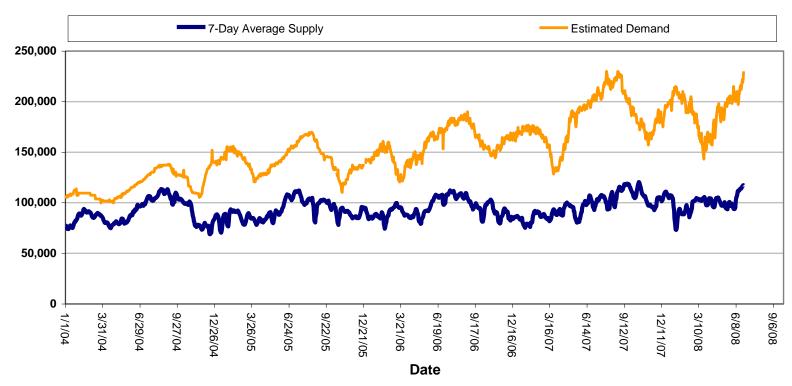
Note: This is a daily average for December 31 - Jan 4

- Diesel: 13.6 ML supply of 24.5 ML target Gasoline: 12.1 ML supply of 26.8 ML target
- Kerosene: 7.8 ML supply of 14.6 ML target
- LPG: 3,517 tons supply of 5,100 tons target

# **ECONOMIC – Electricity**



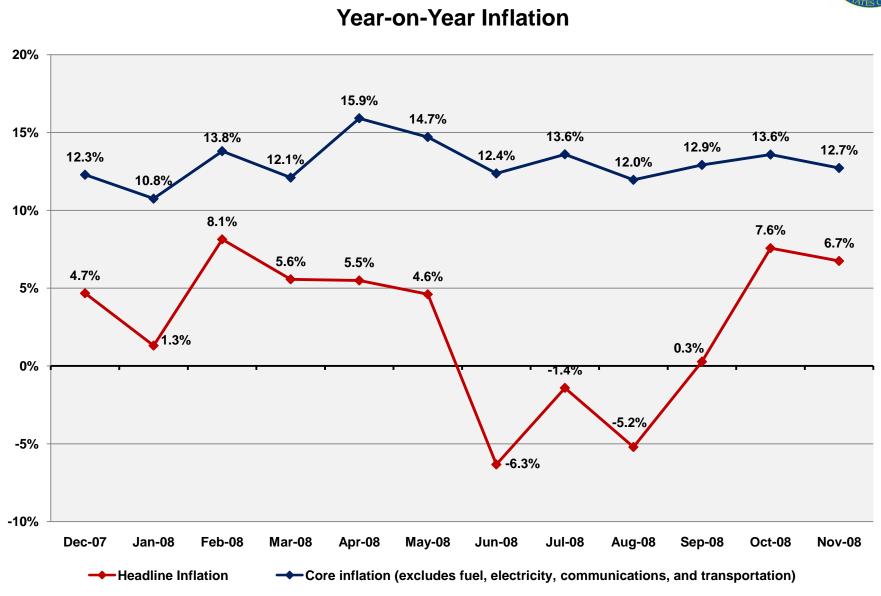
### Daily Electricity Supplied and Estimated Demand in Iraq Since January 2004



- Daily electricity demand December 30-January 5 was 7% above the same period last year. Daily supply from the grid was 25% above the year-earlier period and met 61% of demand, compared with 54% for the year-earlier period.
- For December 30-January 5 average hours of power from the grid after meeting demand from essential services were Baghdad 13.3 and national 13.4. Year-ago levels were Baghdad 8.9 and national 10.7.

### **ECONOMIC – Economic Indicators**





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ECONOMIC – Economic Indicators									
Economic Indicator	This Week	Last Week	Last Month	Last Year					
Iraqi Commercial Bond Sales									
Price (USD) Yield	\$42.10 15.14%	\$42.25 15.10%	\$41.74 15.26%	\$66.08 9.95%					
Central Bank's USD Currency Auction									
USD Sold NID Exchange Rate	*** ***	***	***	\$54,693,394 \$1,196					
Total Employed by USG Programs									
	***	100,085	106,354	117,835					

# **ECONOMIC - Iraq Relief and Reconstruction Fund (IRRF) 1 and 2**

Sector\Status			Committed		Obligated			Disbursed			
(Millions of USD)	Allocated	Un- allocated	Last Week	Current	Change	Last Week	Current	Change	Last Week	Current	Change
Security and Law	\$4,960	\$17	\$4,937	\$7,298	\$2,361	\$4,937	\$5,924	\$987	\$4,871	\$1,157	-\$3,713
Justice and Civil Society	\$2,299	\$20	\$2,263	\$2,676	\$413	\$2,262	\$2,301	\$39	\$2,181	\$1,420	-\$761
Electricity Sector	\$4,178	\$36	\$4,066	\$4,134	\$69	\$4,065	\$1,326	-\$2,739	\$3,940	\$1,041	-\$2,899
Oil Infrastructure	\$1,717	\$7	\$1,608	\$2,124	\$515	\$1,608	\$1,352	-\$256	\$1,581	\$344	-\$1,237
Water and Sanitation	\$2,054	\$21	\$1,983	\$2,035	\$52	\$1,980	\$858	-\$1,122	\$1,849	\$535	-\$1,315
Transportation and Comm\	\$462	\$2	\$459	\$631	\$172	\$459	\$496	\$38	\$421	\$133	-\$288
Roads, Bridges and Const\	\$320	\$8	\$282	\$245	-\$37	\$282	\$45	-\$237	\$258	\$76	-\$182
Health Care	\$810	\$9	\$793	\$936	\$143	\$793	\$547	-\$245	\$744	\$232	-\$512
Private Sector Development	\$838	\$1	\$820	\$865	\$45	\$820	\$864	\$44	\$814	\$795	-\$20
Edu Refugees, Human Rights	\$470	\$0	\$436	\$515	\$79	\$435	\$511	\$75	\$409	\$392	-\$16
Admin Expense (USAID,DoS)	\$220	\$0	\$218	\$219	\$1	\$218	\$219	\$1	\$208	\$210	\$2
Rescission	\$0	-\$50	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total IRRF II	\$18,328	\$71	\$17,864	\$21,678	\$3,814	\$17,859	\$14,444	-\$3,415	\$17,278	\$6,336	-\$10,941
IRRF II Non-Construction	-	-	\$7,972	\$9,395	\$1,422	\$7,970	\$9,272	\$1,302	\$7,773	\$5,145	-\$2,627
IRRF II Construction	-	-	\$9,373	\$7,786	-\$1,587	\$9,369	\$4,652	-\$4,717	\$8,988	\$674	-\$8,314
IRRF II Overhead	-	-	\$520	\$4,498	\$3,978	\$520	\$520	\$0	\$517	\$517	\$0
Total IRRF I	\$2,475	\$0	\$2,291	\$2,291	\$0	\$2,232	\$2,232	\$0	\$2,139	\$2,139	\$0
Grand Total IRRF I & II	\$20,803	\$71	\$20,155	\$23,969	\$3,814	\$20,092	\$16,677	-\$3,415	\$19,417	\$8,475	-\$10,941

Data as of 30 December, 2008

Apportion amounts reflect those of the latest Executive Office of the President Report, published by the Office of Management and Budget. Committed, obligated and disbursed amounts reflect last numbers reported by each agency.

# **DIPLOMATIC** – Political Engagement



### U.S. Embassy Inaugurated in Baghdad:

• U.S. Ambassador to Iraq Ryan Crocker inaugurated the new U.S. Embassy during a ceremony in Baghdad January 5. Deputy Secretary of State John Negroponte and Iraqi President Jalal Talabani participated in the ceremony commemorating the opening of the new complex located on a 104 acre lot in Baghdad's International Zone. Ambassador Crocker stated that the Embassy is a testament to the long-term relationship between the United States and Iraq.

### PM Maliki Visits Iran:

• Prime Minister Nuri al-Maliki arrived in Iran January 3 for a two-day visit with top Iranian leaders, including Vice President Parviz Davoudi, President Mahmoud Ahmadinejad, and Supreme Leader Ayatollah Ali Khamenei. The officials discussed economic cooperation, transportation, and the status of Iranians currently in Iraqi detention centers. The parties also agreed to increase bilateral trade to \$10 billion in 2010. This was PM Maliki's fourth trip to Iran since his election.

### **CONTACT INFORMATION**



- This brief draws from multiple sources. References are cited on the following pages.
- Please forward all questions and/or comments to:

NEA-I-IPOG-DL@state.gov

### NOTES AND SOURCE CITATIONS (1 of 2)



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- Reuters, December 31, http://uk.reuters.com/article/gc05/idUKTRE4BT3J520081231?pageNumber=1&virtualBrandChannel=0; BBC, January 6, http://news.bbc.co.uk/2/hi/uk\_news/magazine/7813489.stm

### Slides 5-7:

Department of State, NEA/I Political Section, NEA-I-POL-DL@state.gov

### Slide 8:

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- Reuters UK, January 2, http://uk.reuters.com/article/middleeastCrisis/idUKL2275853

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- MNFI Press Release, January 6, http://www.mnf-iraq.com/index.php?option=com\_content&task=view&id=24753&Itemid=128

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DoD Input to Iraq Weekly Status Report January 7, 2009

### Slide 13:

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- Aswat al-Iraq, January 5, http://en.aswataliraq.info/?p=105783

### Slide 14:

UPI, January 5, http://www.upi.com/Energy\_Resources/2009/01/05/Iraq\_welcomes\_oil\_firms\_to\_qualify\_again/UPI-83961231175487/

### Slide 15:

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- Reuters, January 5, http://www.reuters.com/article/marketsNews/idUSL524628320090105

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# R T M E

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### NOTES AND SOURCE CITATIONS (2 of 2)

### Slide 17-19:

Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

### Slide 20:

- Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov
- The chart shows average daily power production in megawatt hours (MWh). 120,000 MWh goal equates to 20 hours at 6000 MW average supplied load or 24 hours at 5000 MW average supply load.

### Slide 21:

Department of State, NEA/I Economic/Assistance Section, NEA-I-ECON-DL@state.gov

### Slide 22:

Derived from Multiple Sources. (ITAO IMU Essential Indicators Report, Baghdad, 26 November 2008) (Bloomberg) (Central Bank of Iraq, Foreign Exchange Auction, CBiraq.org) (http://www.cbiraq.org/C.B.I.%20FOREIGN% 20EXCHANGE%20AUCTIONS.pdf)

### Slide 23:

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- Reuters -http://www.reuters.com/article/middleeastCrisis/idUSLH476308
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